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THE FUTURE OF SOCIAL ASSISTANCE IN ONTARIO: REPORT TO THE SOCIAL ASSISTANCE REVIEW COMMITTEE

THE ASSOCIATION OF MUNICIPALITIES OF ONTARIO

JANUARY 1987

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ASSOCIATION OF MUNICIPALITIES OF ONTARIO

The Association of Municipalities of Ontario, a non-partisan voluntary organization, is united to promote the values of the municipal government system and the status of the municipal level of government as a vital and essential component of the total intergovernmental framework of Ontario and Canada.

The Association acts as the collective voice of Ontario's municipal governments and is organized to accomplish through cooperation and coordination, what the majority have neither the time nor the resources to do individually.

The Association represents some six hundred (600) municipal governments throughout Ontario. The governing body is composed of some eighty (80) municipal elected and appointed officials, who in turn represent a wide-range of municipal government interest.

The following sections and affiliated municipal professional associations form an important part of the Association's structure and therefore, play an important part in its activities in terms of the Board of Directors, program and policy development:

Association Sections:

* County and Regional Section
* Large Urban Section
* Northern Ontario Section (FONOM/NOMA)
* Rural (ROMA) Section
* Organization of Small Urban Municipalities Section

Association Affiliates:

* Association of Municipal Clerks and Treasurers of Ontario
* Association of Municipal Tax Collectors of Ontario
* Municipal Engineers Association
* Ontario Municipal Administrators Association
* Ontario Municipal Personnel Association
* Ontario Municipal Social Services Association
* Society of Directors of Municipal Recreation of Ontario
* Urban Finance Officers Association of Ontario

To the Municipal Clerk:

Please circulate this Report to the members of council and to the staff of your municipality. Additional copies are available at $10.00 each from the Publications Centre, Association of Municipalities of Ontario, 100 University Avenue, Suite 805, Toronto, Ontario M5J 1V6

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PART I

EXECUTIVE SUMMARY

The Association of Municipalities of Ontario's Report on The Future of Social Assistance in Ontario is the municipal sector's proposal for reforming the income maintenance system. The Association's Board of Directors, in endorsing this report, suggests that its recommendations be considered by the provincial government within the context of sound economic principles and with due regard for fiscal responsibility. **The Association supports reforming the present confusing support system into a single simplified support system fully-funded by the province.** However, municipalities propose much more than rationalizing the existing system(s) into a more efficient social assistance system. Because income maintenance clients are constituents of every municipality, AMO proposes a support system which is also responsive in human terms.

At the outset, AMO places the current mandate for reform in historical context, indentifying the prevailing trends of declining municipal financial responsibility for income assistance and the coincidental expansion of eligibility for aid to a greater portion of the public.

AMO examines the adequacy of allowances in the present system and recommends a needs-based, **basket of goods** approach to establishing allowances although a dollar amount for province-wide enrichment is not suggested. AMO focuses on the diverse economic conditions experienced across the province. This diversity is the basis for recommendations which create a set of regional allowances and abandon the present shelter subsidy approach in exchange for a set of flexible guidelines on which to base supplements. However, AMO concludes that administrative simplicity is inherent in a system of allowances which do not require supplements.

AMO also examines the **equity** of our present system, and highlights inequitable treatment of claimants receiving support through the General Welfare Assistance Act and the Family Benefits Act. AMO recommends consolidating both Acts to change current discriminatory practices. Many "discretionary" benefits should become mandatory, while health-related benefits are recommended to be a provincial responsibility. Finally, social assistance on an equal footing with other income support schemes, such as pensions, is highlighted.

Employment and self-sufficiency defines client eligibility for social assistance by streaming all permanently unemployable individuals onto a provincial pension system. All others with incomes below pre-set social minimum remain eligible. This remaining caseload is then divided into groups of "job-ready" and "not job-ready" with a set of strategies to respond to the employment and community service requirements of each group. An allowance system that lets recipients retain a larger portion of income gained through employment is proposed as an incentive for economic self-sufficiency. The extension of community services, particularly affordable childcare, must become part of the income support system to enable people to become job-ready. The link between community services and providing responsive social assistance is a key reason for municipalities opting to deliver social assistance.

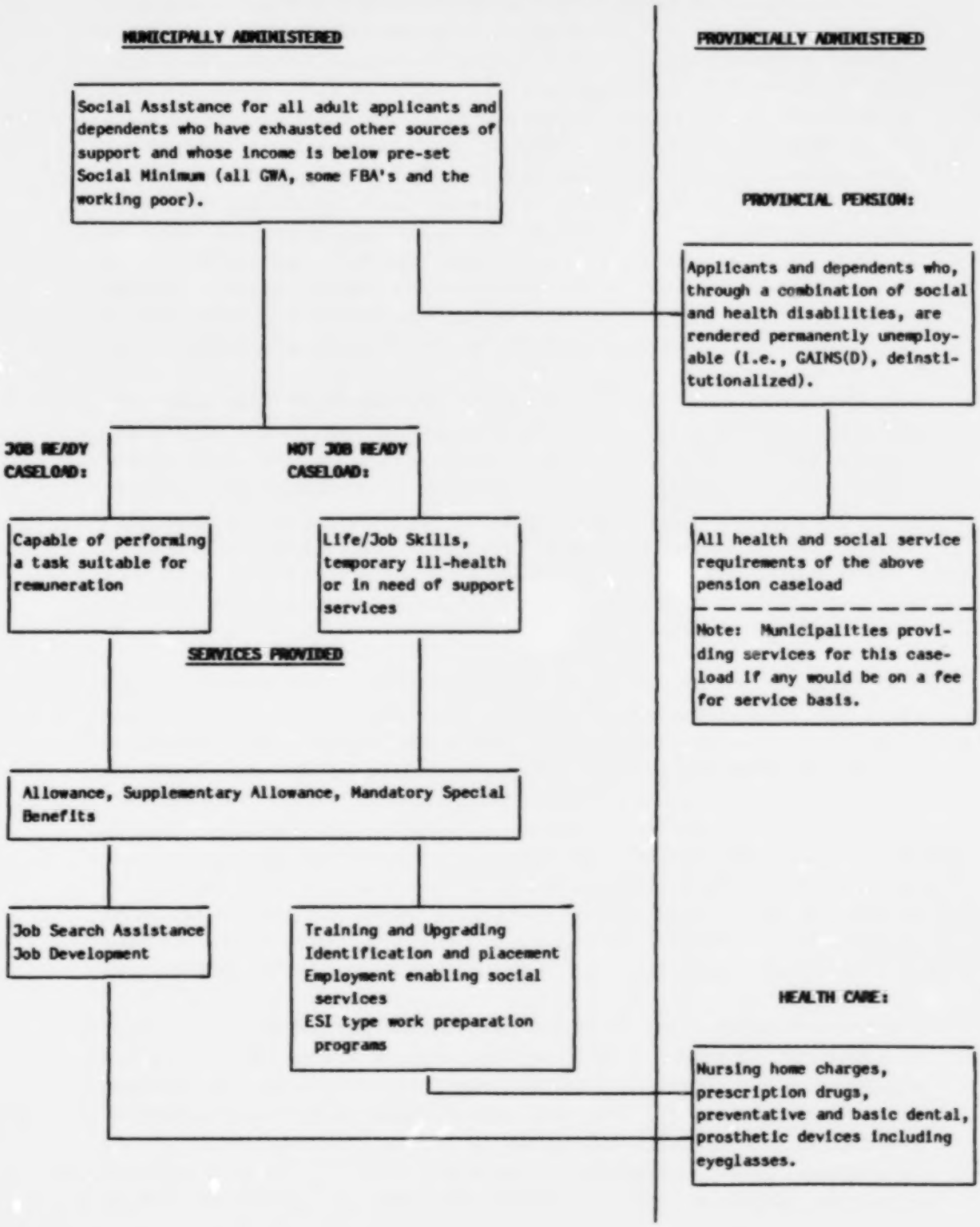
The roles and responsibilities of municipal government within the proposed new system are key questions. In keeping with the rationalization objective stated at the outset, AMO recommends a **single delivery** system. Municipalities should deliver social assistance because clients have more access to municipal government services. Social assistance is a community service and the crucial relationship between this service and other community services is required to make the system responsive. AMO recommends consolidated delivery units at the separated city or upper-tier level, with special provisions for Northern Ontario.

Consistent with the objective of rationalization, AMO recommends that the provincial government assume **full financial responsibility** for social assistance. The Association points out that the majority of Canada's provinces have an integrated social assistance system with full provincial funding. AMO indicates that there is no apparent relationship between municipal cost-sharing and joint control over financial decision-making and that the provincial/municipal working relationship would be enhanced in the long-run if funding arrangements were removed from the centre of social assistance discussions. The Association concludes that financial negotiations must be completed before any of the provincial FBA caseload can be assumed by municipalities.

Finally, AMO addresses issues that surround social assistance but are not part of the income support system itself. Tri-level consultation is recommended for a national income support plan and for any changes to Unemployment Insurance Benefit schemes. In a similar vein, the Ontario Government is urged to press for improvements to national training programs. AMO continues to recommend policy changes to expand the supply of affordable housing. The Association concludes

that much more provincial/municipal discussion is required, particularly in the areas of implementation and delivery, and commits the municipal sector to sustain the co-operative approach which has benefited the review process to date.

PROPOSED FULLY-INTEGRATED SOCIAL ASSISTANCE SYSTEM


MUNICIPALLY ADMINISTERED
PROVINCIALLY ADMINISTERED
Social Assistance for all adult applicants and dependents who have exhausted other sources of support and whose income is below pre-set Social Minimum (all GWA, some FBA's and the working poor).
PROVINCIAL PENSION:
Applicants and dependents who, through a combination of social and health disabilities, are rendered permanently unemployable (i.e., GAINS(D), deinstitutionalized).
JOB READY CASELOAD:
NOT JOB READY CASELOAD:
Capable of performing a task suitable for remuneration
Life/Job Skills, temporary ill-health or in need of support services
All health and social service requirements of the above pension caseload
Note: Municipalities providing services for this caseload if any would be on a fee for service basis.
SERVICES PROVIDED
Allowance, Supplementary Allowance, Mandatory Special Benefits
Job Search Assistance
Job Development
Training and Upgrading
Identification and placement
Employment enabling social services
ESI type work preparation programs
HEALTH CARE:
Nursing home charges, prescription drugs, preventative and basic dental, prosthetic devices including eyeglasses.

PRINCIPLES OF ONTARIO'S NEW SOCIAL ASSISTANCE SYSTEM

Equity

AMO supports a social assistance system which is founded on the principle of equity and is available to all who require the service. The system should extend fair treatment to all claimants and provide like allowances and benefits regardless of place of residence in Ontario.

Adequacy

AMO supports the creation and maintenance of a social assistance system in which all Ontarians can be confident that in times of personal financial crisis, their basic shelter, food, personal and health care needs will be met independent of private charity.

Self-Sufficiency

AMO supports a social assistance system designed to encourage people to pursue economic independence, and enable full participation in the community.

Social services provided by municipalities to this caseload should be founded on comprehensive long-range planning.

Delivery

The Association supports a single delivery system for social assistance which is efficient, municipally administered, accessible, responsive to the community and effectively links recipients to other community services. To improve liaison between the social assistance system and other community services and to prevent duplication, consolidated service units should have full delivery responsibilities.

Funding

AMO supports the removal of all social assistance costs from the property tax base in that income redistribution is neither a municipal or

property-tax-based matter, and further, AMO supports full provincial funding for social assistance to simplify funding arrangements and bring Ontario into line with national practices.

Consultation

AMO supports a process of ongoing consultation between the Association and the province, in order to ensure close liaison and co-ordination between provincial and municipal government agencies involved in the provision and reform of the social assistance system.

THE PRESENT SOCIAL ASSISTANCE SYSTEM

The Need for Change

The provision of social assistance in Ontario is governed by two pieces of legislation, the General Welfare Assistance Act and the Family Benefits Act.

The General Welfare Assistance Act was designed to provide assistance to individuals and families on an emergency or short-term basis. Services to clients are municipally delivered (pre-dominantly by city and upper-tier municipalities), and cost-shared at a rate of 50% federal contribution, 30% provincial contribution and 20% municipal contribution, for all allowances. Administration costs below provincially-established ceilings are cost-shared 50% federally and 50% municipally. Expenditures above these ceilings are 100% municipal costs. Additionally, municipalities may extend **Special Assistance** for any other need, at council's discretion, and these expenditures are cost-shared 50% by the federal government and 50% by the municipal government.

The Family Benefits Act was designed to provide assistance on a long-term basis to sole-support parents, the disabled and long-term unemployables. With the recent exception of municipalities which integrated the administration of GWA and some FBA caseloads, this system is delivered by the province and cost-shared 50% by the federal government and 50% by the provincial government. Municipalities may extend **Supplementary Aid** to the FBA caseload for any item or service at the discretion of municipal councils. **Supplementary Aid** benefits are frequently identical to the **Special Assistance** benefits, but are cost-shared 50% federally, 30% provincially and 20% municipally. Allowances provided through GWA are lower than allowances extended through FBA for claimants in similar circumstances.

These separate pieces of legislation and the accompanying two-tier delivery system are ineffective in administrative and social policy terms. Clients' needs do not correspond to their benefits system and separate administrations exist to serve many of the same clients. For example, generally there is no expectation for single parents to become economically self-sufficient through work once deemed eligible for Family Benefits, despite an ability and desire on their part to become self-sufficient. Individuals or partners in a two-parent family who are conceivably employable, but because of age, poor health or current economic conditions will be unemployed indefinitely, are only eligible for

the lower rate short-term allowances. The inequities and inadequacy of this two-tier system has become magnified through the changing social and economic environment of Ontario. The increase in single-parent families, the end of full employment prevalent when the system was designed, and the emergence of rapid technological displacement of labour skills, have made the present system out-moded and inadequate. AMO is optimistic that upcoming reform of the social assistance system will lay the foundation for an income maintenance system which will be useful and relevant well into the next century.

Trends in Social Assistance

AMO believes that, in order to recommend what the future of social assistance in Ontario should be in the 1990's and beyond, it is necessary to understand the forces that have brought Canada's and Ontario's assistance network to its present form. Three central tenets have remained a constant part of "welfare" planning since they were asserted in the Elizabethan poor laws in the 1500's. They are:

- that the government has a direct role in aiding the poor;
- that training and incentives can be used to reduce future dependancy on public aid; and
- that there are different categories of poor people, and assistance received should reflect the particular grouping in which an individual falls.

The suggestion by the Minister of Community and Social Services that needs will be the determining factor of eligibility for aid, is a break in the categorization of people by subjective considerations and AMO encourages this new approach.

Within these three precepts, first formally adopted in Canada in 1763 in Nova Scotia, a great deal of rearrangement has occured. While this is not the place to discuss the many changes that have brought the social assistance system to its present stage of development, AMO believes there are two clear trends in this historical development which should be considered in making recommendations for the future of the system.

Specifically,

- the trend of declining municipal sector financial responsibility for social assistance, which corresponds to an

increased awareness of the inappropriateness of the local tax base as a source for income support expenditures, and

. the trend of expanding the eligibility for assistance to a more diverse clientele, which corresponds to the changing social and economic pattern of life and the ongoing need for political legitimacy which gives rise to reform,

are important indicators of what the future might hold.

Declining Municipal Involvement and the Expansion of Claimant Groups

The provincial social assistance system has replaced the majority of the municipal relief systems in the short period of time in which Ontario moved from being a community of small, self-sufficient, agricultural and resource-based communities to an industrialized province with interdependent communities. A microcosm of this change and its impact on support for the needy is found in the year 1931-1932. In this first year of the depression, economic intervention by the federal and provincial governments in an area of previously exclusive municipal activity jumped dramatically. Municipalities responded to the crisis by more than doubling their assistance expenditures, but the province's commitment increased fourfold and the federal government's participation was 13 times greater.

The depression illustrated that, in a modern society, unemployment could be an economic condition beyond personal control with solutions requiring government action. What was also made clear by the depression, and has been underscored by recurring recessions, is that municipalities are not the appropriate level of government for addressing poverty induced by general economic conditions.

Prior to the depression, poor relief was the responsibility of municipalities and assistance for the able-bodied was not generally available. At the beginning of the depression, municipalities were the first in line to provide support for those able-bodied individuals who had no support but public relief. The communities of Ontario offered these people limited work opportunities and, subsequently, made work a condition of receiving aid. Municipalities found that the cost of providing make-work projects to be twice that of direct cash or voucher aid and were also unable to provide jobs for everyone in the queue. Ultimately, municipalities found direct cash aid to be the optimal approach to a situation they had not created and had no capacity to effectively control.

While the depression is the clearest example of both trends which Ontario's municipalities wish the Social Assistance Review Committee to hold in mind - those being the decline of municipal involvement and extending services to new groups (i.e., able-bodied unemployed) - it is not a typical example. Other changes were more gradual, reflecting political responses to changing social and economic conditions, as demonstrated by the emergence of **Mothers' Allowance** for widows resulting from the first world war. Previous to this, assistance for widows depended on municipal relief and, in Ontario, even this plan was municipally administered and cost-shared with the province on a 50%-50% basis until 1936. Similarly, seniors depended on charities or municipal government until **Old Age Pensions** were available in Ontario in 1929, administrated by municipalities until 1935. Pensions for the **disabled** followed a similar pattern. The present day discretionary Supplementary Aid and Special Assistance holds true to this pattern. The Association of Municipalities of Ontario applauds the province's decision to consolidate social assistance programs.

THE FUTURE SOCIAL ASSISTANCE SYSTEM

CHAPTER 1
ADEQUACY OF ALLOWANCES IN THE SOCIAL ASSISTANCE SYSTEM

In this first chapter, AMO examines the adequacy of the existing allowance and general support of the present social assistance system. It is vital that a mechanism for establishing and maintaining adequate allowance result from this review if lasting meaningful change is to be attained for the clients of the social assistance system. The Association does not identify a present day dollar amount of provincial expenditures required to adequately meet the needs of clients, nor does the Association recommend a specific rate increase. Instead, the Association proposes a needs-based approach for establishing allowance levels. AMO believes the social assistance system can and should provide the essentials of life for all claimants and, therefore, the Association suggests that needs assessments conducted on a client by client basis should set allowance levels, rather than continuing with the current eligibility categories.

Meeting People's Needs

Separate from the Association's ongoing efforts to secure reasonable provincial support for municipal welfare activities, the Association has regularly advocated changes to the province's social assistance system that would bring the system closer to meeting claimants' living requirements. The current system, with its short-term and long-term rates of support in separate pieces of legislation and regulations, plus the range of allowances provided through Special Assistance and Supplementary Aid, has shaped AMO's previous positions regarding client needs. Within the existing legislation and regulations, the municipal sector has worked to improve the conditions of Ontarians' in need by simultaneously trying to:

- increase services or benefits available to clients,
- increase the number of recipients eligible for existing benefits by expanding the eligibility criteria, and
- increase benefits available to individuals by seeking changes to income calculations.

If a single needs-based social assistance system, as recommended by the Association, cannot be endorsed by the government, the Association hopes that, as a minimum, certain changes will be made to the existing system.

Recommendation 1:1

That if the Social Assistance Review Committee cannot recommend a single needs-based social assistance system for Ontario, the following changes to the present system be implemented:

In the area of increased assistance to existing clients, AMO supports:

- **allowances to employed and unemployed needy being sufficient to meet basic needs;**
- **the review of maximum roomers and boarders rate under the General Welfare Assistance Act;**
- **one hundred percent provincially-provided nursing or homemaker services being made available to individuals in receipt of public assistance or supplementary benefits;**
- **an increase to shelter allowance;**
- **an increase to the single employable benefit rate under the General Welfare Assistance Act.**

In terms of increased eligibility for existing benefits, AMO supports:

- **the one hundred percent provincial funding for prosthetic devices and assistive devices for both children and adults;**
- **making dental, hearing-aid and vision care services available to seniors on social assistance as a part of their hospital and drug plan.**

In an effort to increase benefits or services based on income calculations, AMO supports:

- **U.I.C. training allowances being treated similarly to the income of a wage earner in order to reduce net income calculations, and thereby increase the client's daycare subsidy;**

- **the exemption of mortgage payments by an estranged spouse from the calculation of income, and discounting of fifty percent of the equity of a mortgage contribution for a matrimonial home in the case of separation. This would bring the social assistance system in concert with the Family Law Reform Act.**

These recommendations reflect the Association's efforts to improve the existing system. However, AMO believes that an entirely new approach to meeting people's living requirements should form a vital part of the social assistance system.

A New Approach to Income Assistance

AMO believes that the social assistance benefit structure should be based on individual need assessments and reflect **regional** variances in the cost of living across Ontario. All claimants require: **heated shelter including utilities, food, health services, and general living expenditures such as clothing, phone and toiletries.** The present allowance system does not meet these basic requirements.

The existance of poverty and homelessness and the growth of food banks speak to the urgency for change in the province's approach to social assistance. The assistance system should assure all Ontarians a standard of support which precludes the condition of need. To accomplish this, the Association believes the shift to a needs-based support system is essential. Initiatives such as food banks, hostels which serve long-term shelter needs, and winter clothing drives, further fragment the support system, reducing the efficiency of services delivered to individuals and disguising the inadequacy of the public support system. Moreover, as these alternative support measures grow, there is an increasing tendency for them to become institutionalized to the point where they require provincial financial support. Food banks for social assistance recipients whose benefits are inadequate to provide life's essentials, illustrate a transfer of responsibility from the public sector to the charitable sector. The Association supports the creation and maintenance of a social assistance system in which eligible claimants can be confident that their basic needs will be met independent of private charity.

The New Allowance System

Recommendation 1:2

That the Province adopt an allowance structure which has the following characteristics:

- **it is formulated based on actual costs of meeting the four basic needs identified in Recommendation 1:3;**
- **it is flexible enough to supplement costs which exceed provisions in the basic allowance on a client by client basis;**
- **it is geared towards equity in assistance across the province and thereby reflects regional differences in the costs of basic living requirements.**

Formulating the Basic Allowance

All potential claimant groupings (single, couple, family and combinations of dependants, single and two-parent families), are entitled to a basic allowance which adequately meets their shelter, food, personal and health care needs. The allowance rates are established annually by the province and are formulated using a "basket of goods" approach; that is, formulated by sampling the market for each of the needs categories. **It is vital to the credibility of the social assistance system that the sampling results and the criteria for determining adequate income be public information.** This truth is hightened as the province is to assume responsibility for both setting and paying the allowance.

The food component of allowances is derived by determining the actual costs of a nutritionally sound diet. The shelter component is derived by determining the actual cost of suitable accommodation for various claimant groups and the overall availability of shelter in various price brackets. Allowances can not be premised on all clients living in subsidized or low-cost housing when only a fraction of the caseload can actually secure this type of housing.* The personal needs component of the allowance reflect a market sampling of a range of purchases. Health benefits supplied to social assistance recipients, as per Recommendation 2:4, would also have a dollar value assigned to them reflecting the cost of the OHIP rate and the cost of additional health and dental benefits if purchased on the market.

* Additional comments concerning housing are included in Chapter 6.

The sum of each of these needs' evaluations constitutes the basic allowance paid to the claimants with the health cost being withheld in exchange for a compulsory health benefit.

Except for the health benefit, claimants' expenditures are not expected to mirror those expenditure shares which are the foundation of the basic allowance. Claimants receive the full allowance appropriate for their area and are free to determine their own expenditure requirements within their basic allowance. **Some modifications to this approach are required in instances where client costs, particularly accommodation costs, are significantly below the estimated cost used in determining the basic allowance.** An adult living in the parental home and paying no rent or board cannot be eligible for the full basic allowance. The basic allowance based on four distinct need groups provides an easy measure for allowance adjustments as well as an evaluation of the basic allowance against the actual costs of living.

Recommendation 1:3

> **That allowance levels be determined through a "basket of goods" approach to needs and be adequate to meet the basic shelter (including utilities), food, medical care and personal requirements of assistance recipients; and that the method and results of the province's allowance-setting practice be open to public scrutiny.**

The Problem of Province-wide Rates and the Use of Subsidies

The current assistance system establishes province-wide allowances independent of actual costs incurred by claimants. The welfare allowance frequently is a long way from the dollar amount required to meet the actual costs of living. In 1986 in a large urban centre, an estimated $130 million in general welfare benefits was diverted by general welfare assistance recipients from such things as food and clothing to meet shelter costs. This is in excess of regular shelter expenditures and shelter supplements provided under the current system. Nearly ninety percent of the area's single General Welfare Assistance recipients living in private rental accommodation spent over fifty percent of their allowance on shelter; thirty percent of this group expended seventy percent or more of their allowance on shelter. The high costs of housing correspondingly decreased the amount of money available for other essentials such as food and clothing. The shortfall is met by food banks and clothing drives (i.e., coats for kids). Shelter shortfalls

lead to homelessness and the use of the emergency hostel network for longer-term accommodation.

The present shelter and fuel subsidies in the provincial system acknowledge that allowances established for province-wide application cannot reflect the range of actual costs for different essential commodities throughout Ontario. Wide-spread use of these supplements is not an indication that the system is responsive to claimants experiencing high costs but, rather, that the basic allowance rates are antiquated and inadequate. Recommendation 1.3 above, concerning a needs-based approach to establishing allowances, should significantly enrich benefits. The reduction of eligibility groups (accomplished through the consolidation of FBA and GWA legislation, as recommended in the next chapter) will reduce inequity, but unless the allowance structure is based on a realistic assessment of the cost of living, people's needs will continue to be overlooked. Moreover, realistic basic allowances will reduce the use of supplementation schemes and thereby simplify administration. Costs requiring supplementation (those exceeding area guideline maximums described further on in this chapter) should receive subsidies which do not erode the basic allowance. Current shelter subsidies which are supposed to address a shortfall in the basic allowance are inadequate and erode the basic allowance.

Discontinue the Current Approach to Subsidies

GWA FAMILY OF FOUR MONTHLY ALLOWANCE WITH SHELTER SUBSIDY
(1987 Rate)

A family of 4 renting heated accommodation costs	$650	
As a basic allowance, the family receives		$748
They receive the maximum shelter subsidy of		237
Total Monthly Benefits		985
TMB Less Shelter Costs	650	(650)
		$335

The remaining $335 is expected to cover all non-shelter costs of a family of four for the month.

Determination of Shelter Subsidy

The method of establishing the shelter subsidy and the use of unrealistic maximums serves to erode the basic allowance. Any claimant is eligible for a shelter subsidy if the amount considered for shelter purposes in the basic allowance is exceeded by actual cost. This

threshold rent for a family of four is $228. Shelter costs above this threshold are subsidized at the rate of 80% up to a maximum. **Subsidizing actual shelter costs at a rate of 80% in effect reduces the basic allowance by 20% of the cost of shelter.** The maximum shelter cost for which a shelter subsidy is available to a family of four is $579. Shelter costs above this amount are not eligible for the 80% subsidy and reduces the basic allowance dollar for dollar. In this example of heated shelter for four costing $650, the family's shelter expense reduces their basic allowance by $185.

Shelter Cost	$ 650
Less: Shelter Threshold in Basic Allowance (228 of the Basic monthly allowance of 748)	(228)
Shelter Subsidy at Maximum	(237)
Shelter Cost Deficiency	**$ 185**

The $185 is supplied by the family directly from the $520 remaining basic allowance (i.e. $748 - $228 shelter threshold = $520). The provincial shelter subsidy formula reduced the $520 provided to support the family's non-shelter costs by $185 or provides a net living allowance of $335 per month.

An individual recipient confronts the same problem of an inadequate shelter subsidy eroding the basic allowance. An apartment at $350 qualifies for a shelter subsidy of $147; this, coupled with the $293 basic allowance, is $440. $440 less $350 for rent leaves $90 a month for all other expenses. In regions across Ontario, the shortage of affordable shelter and the inadequacy of allowances and supplements are increasing the boarding house caseload. This caseload is both the most vulnerable to eviction and the least costly to support.

Allowance Guidelines and Flexibility

AMO believes the practice of allowance supplements which erode the basic allowance should be replaced with a set of provincially-established guidelines to provide enough flexibility to assist those with exceptional costs. These guidelines should be based on:

a. the general expenditure level reflective of the average relative cost of meeting each of the four basic needs (i.e., the results of the provincial pricing survey cited in Recommendation 1:3);

b. the maximum share of the basic allowance which is required to be expended for any need before 100% supplementation is provided;

c. in dollar terms, the maximum client expenditures eligible to be supplemented in each need category.

For example, a family's food expenditures may be generally expected to consume 25% of the basic allowance in the given area. However, if a family has some special food requirements or if they live in a community with exceptionally high food costs, an adequate diet could consume 40% of their basic allowance. Part of this 15% difference would be eligible for full subsidy. The eligible share is that amount over the maximum share (b) set out in the guidelines. That is, if 25% is the norm and 35% is determined to be the maximum, this family would receive a 5% increase in their basic allowance. Subsidy levels would also be required for instances when the individual needs do not exceed the respective guideline maximums but, in combination, there is a shortfall in the allowance. Conversely, maximum dollar subsidies (c) would serve as a control measure to guide client expenditures. These provincially-established guidelines would be shared with the clients by caseworkers.

Recommendation 1:4

That the province establish allowance guidelines which contain:

- **the forecast average expenditures in each category of need;**
- **the level of necessary expenditures in each category at which full supplementation is extended; and**
- **the upper level of client expenditures above which no supplementation is available.**

The Need for Regional Allowance Structures

The previous example of high shelter costs demonstrates the inappropriateness of provincially-applicable allowances because, even with a special subsidy to meet high shelter costs, people's basic living requirements are not met. In some communities, different costs exceed provincial norms to the point of eroding the basic allowance. The Town of Geraldton put it succinctly in a brief to the Review Committee on December 18th in Thunder Bay:

> "The current rates are not adequate for our area. The necessities of life, such as food, clothing, furniture, fuel, shelter are much more costly in the north than they are in the south and this should be recognized. Freight costs alone increase the price of our goods. Heating costs are higher and must be paid for a longer period of time due to our cold northern winters. The either/or regulation of shelter subsidy or actual fuel means that our **GWA recipients must use part of their basic needs allowance to pay the difference. This results in inadequate monies for food and clothing."**

Allowances set for province-wide application cannot reflect the wide range of costs that exist for various basic needs throughout Ontario. Therefore, the system should strive, not for the same allowances, but for **equity in assistance across Ontario** through area-based allowances premised on the province-wide principle of meeting people's needs. AMO believes that **equity in assistance means a similar quality of life for all recipients across Ontario.** Based on the "basket of goods" approach discussed above, different allowance rates are required for different geographic areas. The provincial government must use its ability to determine adequate living allowances for different areas; five or six different area allowances will likely be sufficient. AMO suggests allowances for northern, eastern, south-western, central and large urban areas, with no municipal social assistance administration being required to administer more than one basic allowance.

An allowance based on the four specific needs in each different economic area identifies the cost of meeting these needs in each area. Therefore, allowances in different areas need not be the same to provide equity in assistance. Moreover, because allowances reflect the cost of meeting four distinct needs simultaneously, the relative share alloted for the same need is unlikely to be the same from area to area.

In one area, shelter cost can exceed 50% of the allowance and because of the lower prices of other goods, all needs can be met with the remaining allowances. In another area, shelter costs may reasonably require only 30% of the full allowance and higher transportation costs or food costs require a greater share of the basic allowance. These relative shares which comprise the basic allowance are fundamental to system flexibility and simplify supplementing costs which exceed the provisions of the basic allowance as discussed in Recommendation 1:4.

Recommendation 1:5

That the province establish area allowances and guidelines based on the principles enunciated in Recommendations 1:3 and 1:4, to provide an adequate standard of living and equity in assistance across Ontario.

Administrative Simplicity

The amount of time and energy consumed in determining the value of people's allowances will be minimized by establishing allowances sufficient to meet people's needs without supplementation. Within six months of eligibility being established, all claims are evaluated for supplementation. However, needs-based allowances, updated annually, should preclude a large caseload receiving subsidies. High percentages of supplemented allowances or even a limited number of clients above maximum subsidy levels are indicators that the basic allowance needs to be reviewed. Fewer "exceptional" caseloads will require less administration.

A second consideration regarding the basic allowance and social assistance administration is that the employment incentives model, detailed in chapter three, must be based on a stable allowance for administrative ease. The basic allowance should be the foundation for the employment incentive model of allowances.

Recommendation 1:6

That the above approach to establishing allowance be considered as a practice for simplifying the administration of social assistance while responding to the need for an adequate and flexible allowance system.

CHAPTER 2: EQUITY

In the preceding chapter, AMO recommended a new approach to determining social assistance allowances, an approach based on meeting people's need in regions throughout Ontario in a measurable way. In this chapter, the Association presents its rationale for a consolidated assistance system which brings together the Family Benefits Act and the General Welfare Assistance Act into a single piece of legislation as the legislative foundation for the new allowance system. This new legislation and accompanying regulations must reduce the overall number of categories for assistance, thereby eliminating many inequities of the present system. There is a compelling logic to the idea that since inequity is the state of unfairness between distinct groups of clients, inequity will diminish by reducing the number of groups. The Association accepts this approach and believes disparities will persist in any social assistance system unless the number of eligibility groups competing for allowance improvements is minimal, and that all income deficient individuals who have exhausted opportunities for adequate support from all other sources are considered eligible for social assistance.

Recommendation 2:1

That the General Welfare Assistance Act and the Family Benefits Act be replaced by a single piece of legislation and accompanying regulations.

Recommendation 2:2

That new social assistance legislation and regulations extend adequate support to all claimants, who have exhausted reasonable opportunities for support from all other sources, consistent with the principle of equity among claimants.

The Association is confident that the review process will address four main areas of inequity in the present system, these being:

- any unreasonable difference in allowance or benefits between claimants with similar needs which exist within a municipality;

- any unreasonable differences in allowances or benefits between claimants with similar needs which exist **among municipalities;**

- any unreasonable difference in support extended to individuals with similar needs on pensions as opposed to social assistance;

- the relationship of social assistance recipients to individuals in the labour force, particularly the working poor.

As in the matter of adequate allowances, AMO does not suggest a dollar amount that would establish equity in any of these four cases or associated examples, but rather recommends approaches to equity for incorporation in the reformed system.

Equity for Claimants within a Municipality

The present social assistance system not only encourages but obliges municipalities to provide inequitable treatment to claimants within a municipality's boundaries. **"Charter of Rights"** challenges similar to the most recent **"Spouse-in-the-House"** challenge, which brought about regulatory changes to the treatment of sole-support parents vis-a-vis requirements for establishing a spousal relationship, can be expected unless there is reform. AMO is committed to the development of a system which is not highly vulnerable to court-imposed interpretations of equity and, therefore, recommends major changes in discretionary benefits, age categories and GWA/FBA allowance discrepancies prevalent in the existing system, creating inequitable situations **within municipalities.**

Age Based Inequities

Allowance rates for dependent children are divided into three categories: a rate for 16 to 21 year olds, for dependants between the age of 10 and 15, and for nine years and under. The difference in various rates is not significant nor, however, is it defensible. Presently, an older dependant receives the higher rate, presumably because of higher education and food costs associated with the upper age group. AMO does not believe the province can equitably allot different costs for meeting the needs of children of differing ages. Therefore, allowances for dependent children should be the same regardless of their age. AMO accepts a definition of a child as a person under the age of 18, and believes that adults residing in a parental home should receive an

individual needs assessment and no dependents' allowance should be extended to the parent. Children between 16 and 18 years of age who have clearly established independence from the parental home should also be eligible for a full adult allowance, at the discretion of delivering authority.

Recommendation 2:3

> **That the benefits paid for child dependants be the same for all dependants under the age of 18. Allowances should continue to reflect some economies associated with two or more dependent children; and**
>
> **That children between 16 and 18 years of age who have established independence from the parental home be granted the full adult allowance at the discretion of the delivering authority.**

A second age-based discrepancy is the disparate treatment of elder employable males as compared to females. The Family Benefits System automatically accepts a 60 year old woman onto its higher benefit schedule from General Welfare Assistance, while employable males are not accepted. This discriminatory practice will end with the implement- ation of a single social assistance system, as recommended by AMO. It is, however, illustrative of the inequities that have evolved through the present approach to income maintenance.

Discretionary Expenditures Creates Inequality Within Municipalities

The discretionary provision of **Special Assistance** benefits under the General Welfare Assistance Act and **Supplementary Assistance** under the same Act but extended to claimants under the Family Benefits Allowance Act, allows for inequitable treatment within individual municipalities and AMO opposes the continuance of discretionary powers for many benefits. Different cost-sharing ratios for essentially the same benefits place municipal administrations in an impossible position. Presently, those who seek to do the greatest good for the greatest number are encouraged to favour FBA recipients because of better cost-sharing. However, if these administrators attempt to treat similar needs in similar ways regardless of the cost-sharing formula, they risk spending their budget before the end of the budget year, and turning clients away in November with needs which would have been supported in February. AMO is particularly concerned that many discretionary benefits or expenditures in the Special Assistance and Supplementary Aid categories

are basic requirements to a healthy life, and believes that as a minimum, these types of benefits should be moved, not only from the discretionary domain, but onto the health care system, with full coverage extended to all individuals receiving social assistance.

Recommendation 2:4

That the Province of Ontario determine a means of meeting the health care needs of people in receipt of social assistance, independent of the social assistance delivery system, and that prosthetics, preventative and basic dental care, vision care and other requirements to a healthy life be made available to all social assistance recipients, and that this benefit package be the responsibility of the provincial government.

Recommendation 2:5

That the remaining non-health benefits, such as rent deposits, transportation subsidies, emergency aid or skills upgrading courses, be funded 100% by the province.

Inequity Between GWA and FBA Rates

A more worrisome inequity exists between claimants with similar needs living in the same municipalities through the separation of clients into groups of either GWA recipients or FBA recipients. The Association does not expect that these two pieces of legislation will remain after the Social Assistance Review is completed, but it is important for AMO to make clear its opposition to the current practice of establishing different rates for long-term claimants and short-term claimants. For example, unemployable and employable claimants, in similar circumstances, have the same financial needs, yet the employable claimants receive a lesser GWA benefit compared to the unemployable allowance provided under FBA. Both claimants should be eligible for the same level of support. A similar situation is true for single parents receiving General Welfare Assistance and single parents receiving Family Benefits Allowance.

GWA/FBA RATE COMPARISON - Fall 1986
Family of Three

A family of three (a parent and two children) receiving Family Benefits is entitled to a monthly income of $1,005,

composed of $677 in Family Benefits Allowance, $165 in shelter subsidy, a $4 sales tax credit, a $96 Child Tax Credit, and a $62 Family Allowance payment. This represents an annual income of $12,060 which is cost-shared $6,960 by the federal government and $5,100 by the provincial government.

The same family of three waiting to be placed on FBA and receiving GWA receives the same additional benefits, but the main GWA allowance is $578 a month as opposed to $677 for FBA clients. The family's annual income is $10,872, and is cost-shared $6,366 by the federal government, $2,722.80 by the provincial government, and $1,783.20 by the municipal sector.

These disparities exists between all allowances provided through the separate Acts. AMO believes these inequities will end with the acceptance of a single allowance structure, at an income level reflective of basic needs and regional differences (See Recommendations 1:3 and 1:4).

Recommendation 2:6

That the two-allowance system associated with the Family Benefits Act and the General Welfare Assistance Act be replaced with a single benefits system which extends equitable benefits to all clients with similar needs.

Equity in Benefits Throughout Ontario

The discretionary nature of Supplementary Aid and Special Assistance fosters inequity among municipalities across the province as well as within municipalities, as discussed above. Currently, different benefits are provided to individuals with the same needs, depending on the municipality in which they live. This practice is unfair to individuals and to municipalities.

Residents of a municipality electing to not provide a benefit that is available elsewhere, are disadvantaged by the exercise of municipal discretion. Municipalities providing these special benefits then attract those who have special needs from neighbouring municipalities which do not offer these programs. The receiving municipality then assumes the entire caseload cost for individuals from surrounding areas; alternatively, the claimants remain in their home municipality and go without

supplementary benefits. In addition to the transfer of health-related special and supplementary benefits away from the social assistance system and onto the health care system (as per Recommendation 2:4), AMO believes that other changes are required. In order to prevent future discrepancies, the province in consultation with AMO, should establish a list of mandatory benefits, not covered by the health system, which should be available to all social assistance recipients. Discretionary benefit expenditures would be limited to "quality of life" enhancements and special circumstances.

Recommendation 2:7

> **That the province, in consultation with AMO, establish a list of mandatory and discretionary benefits from among Special Assistance or Supplementary Aid benefits not transferred to the health care system after the creation of a new social assistance system.**

Equity between Social Assistance and "Pension" Incomes

The social assistance system must strive for equity, not only within the sphere of its own operation, but also in relation to society. It is as unreasonable to support a 59 year old couple at a different level than a 65 year old couple, as it is to support the employable and unemployable claimants at different levels.

The Association believes that individuals who rely on income support programs for their well-being should be treated in a like manner, regardless of which government(s) sponsor the particular program. Moreover, substantially different incomes for essentially the same needs underscores the inability to date of legislators to embrace equity as a principle for social policy.

SENIORS PENSIONS/FBA COMPARISON - Fall 1986

A senior couple over the age of 65 are eligible for a monthly OSGIS of $1,034, a provincial gain supplement of $166 and a property tax grant at $50 for a monthly income of $1,250, which when annualized, equals $15,000. This couple is also eligible for Supplementary Aid and shelter supplementary if they qualify. The cost of this is divided

thus, $12,408 federally supported and $2,592 provincially supported.

The FBA family of three cited earlier, a parent and two children, received a monthly income of $1,005 a month, composed of $677 in FBA allowance, $165 in shelter subsidy, a $4 sales tax credit, a $96 Child Tax Credit and a $63 Family Allowance payment. This annualized to $12,060 and is cost-shared $6,960 by the federal government and $5,100 by the provincial government.

Other examples of systematized inequities include benefit differences between the social assistance system support for dependent children and the amount of child support extended to foster parents. AMO believes that social assistance recipients' needs are as real as the needs of other individuals receiving income support from public sources. Therefore, in general terms, income support to individuals or families with similar needs, should be similar. To ensure that this becomes the norm, the provincial government should annually establish social assistance allowances for a range of recipient groupings (individuals, couples and families) as per Recommendation 1:3. Income support payments from various income support schemes and pensions can then be measured against allowance minimums.

Recommendation 2:8

That the social assistance system provide allowances and benefits to claimants that are equitable with other income support schemes available in Ontario, such as Senior Pension Plans.

Recommendation 2:9

That the allowance levels established for the range of recipient groupings in different regions, as per Recommendation 1:3, reflect a provincial commitment to equity among income supporting social programs.

Equity between Income Assistance Recipients and the Labour Market

A major block in establishing adequate allowances for unemployed employables is the relationship even the present inadequate allowances have to low income labourers. In the next chapter, AMO proposes extending eligibility for social assistance to the working poor and developing an

allowance structure which provides strong economic incentives to work. However, long-term structural unemployment is a reality and the social assistance system must protect people who are unable to find work. Establishing an allowance system which adequately meets the needs of the unemployed but does not encourage the working poor to leave employment is a difficult task. The extension of benefits to the working poor coupled with economic incentives to work is part of the solution. The relationship betwen the minimum wage, an individual's social assistance allowance and the employer/employee relationship is the crucial link to an income support system which decreases dependency and encourages self-sufficiency.

Wage Supplements For Families

The **Minimum Wage** is a politically-established floor on wages which marks the minimum income for a fully-employed individual. The basic adequate allowance for a single person claimant is a politically-established minimum for an individual who is not employed. Presumably, the province has determined that the minimum wage exceeds the basic income requirements of a single person working full-time and, therefore, adequate social assistance for an individual will not cause single employees of minimum or low-wage employers to opt for assistance. However, families whose breadwinner(s) work in low wage positions may currently be eligible fore more income from social assistance payments than can be earned through full-time employment. AMO does not believe that employers can be made responsible for the economic well-being of employees' families. This proposition would cripple family members in the job market and industrial competitiveness in some sectors. Therefore, AMO believes that social assistance must be extended considerably to the working poor to supplement the incomes of those **families** with employment and other income below the minimum allowance established for the recipient group (i.e., family size), as per Recommendation 1:3. Moreover, those families which do earn an income, however inadequate, must be entitled to some positive economic reward in excess of similar recipients who are entirely dependent on social assistance. AMO believes that the overall cost of social assistance will be reduced if all recepients are encouraged to contribute a share of their support cost through gainful employment. The proposed allowance models in Chapter three, Recommendation 3:7, reduces allowances earned and other income at a rate less than the present system, and AMO urges the province to adopt this work incentive approach to social assistance allowances.

Recommendation 2:10

That the social assistance system regularly supplement the incomes of families whose earned and other income falls below provincially-established social assistance allowance levels.

Recommendation 2:11

That the social assistance system encourage family members dependent on the support system to seek employment by allowing a greater proportion of the earned income to be kept by the claimant than is the present practice. (See Recommendation 3:7.)

Perceptions of Equity and the Social Assistance Review Board

AMO congratulates the Minister of Community and Social Services, the Honourable John Sweeney, for pursuing an independent review of the structure, operations and effectiveness of the Social Assistance Review Board as announced at the Ontario Municipal Social Services Association's 1986 Annual Meeting. The Association is confident that the Minister's Advisory Committee will make useful recommendations for improving the Review Board's practices. AMO supports a more understandable and accessible review and appeal system, and a more accountable and representative Review Board.

Recommendation 2:12

That the tenure and selection process for Social Assistance Review Board members be reviewed; that the Board's staff include a more diverse range of professional backgrounds and that efforts be increased to inform clients of the operations of the social assistance system, including the review process.

CHAPTER 3: EMPLOYMENT AND SELF-SUFFICIENCY

AMO believes that a new social assistance system should encourage people, to the best of their individual abilities, to live full lives and remain free from public aid. The Association's views on employment and self-sufficiency are divided into recommendations regarding the employable or those potentially capable of contributing to their economic well-being and recommendations regarding the permanently unemployable. **The Association believes that the best interests of the permanently unemployable caseload, such as mentally ill or severely handicapped individuals, can be met with provincial resources, independent of the income support system.** For individuals who are able to work but are not working, the Association stresses that the social assistance system, together with other social services, should strive to remove the personal and structural barriers blocking the path to employment. The new social assistance system, in partnership with social service providers, must be enhanced by job-supporting, skill upgrading and job creation practices if social assistance recipients are to achieve economic independence. **AMO contends that job creation is the single most effective strategy for the long-term reduction of the social assistance caseload.**

The Work Expectation

Implicit in the current division between employable and unemployable recipients is the expectation that employable general welfare recipients should be responsible for sustaining themselves through work. Although the "employment expectation" is commonly understood to be a demand by the support system for these individuals to find work, AMO believes that the client also has a work expectation which has not received the prominence it warrants. Most employable individuals receiving social assistance payments recognize that work is the primary means to achieve a real measure of freedom and independence. Unfortunately, their desire to work has not been met with sufficient resources to fulfill their expectations. Moreover, recipients who are currently not expected to work, single parents and the disabled are disadvantaged by a system that expects nothing of them and offers them only an inadequate income. Therefore, a social assistance system should extend the work expectation to all adult-aid recipients, and encourage even

limited income generating activities. For planning purposes, the social assistance caseload should be divided into two groups; those recipients who are "job-ready", and those who are not "job-ready".

Recommendation 3:1

That these considerations be the basis for client job-ready determination:

Job-Ready Claimants

Caseworkers would recommend to welfare administrators that claimants be considered job-ready if they meet the following criteria:

- **that claimants are capable of performing a task suitable for remuneration on a full or part-time basis; and**

- **that claimants have or could reasonably gain access to necessary social services or other services which would make employment feasible (i.e., daycare, transportation).**

Not Job-Ready Claimants

Caseworkers would recommend to welfare administrators that claimants be considered not ready for employment based on the following considerations:

- **that claimants lack sufficient life skills or job skills to be reasonably expected to perform a task suitable for remuneration;**

- **that claimants currently are ill or debilitated to a degree which precludes performing a task suitable for remuneration;**

- **that claimants do not have nor could reasonably gain access to the necessary social services or other services which would make employment feasible.**

Recommendation 3:2

That all social assistance claimants be encouraged to work toward self-sufficiency through income-gaining activity.

*Note: The extension of the work expectation to individuals who are not currently, nor are ever likely to become suitable for permanent employment, serves to remind them that they are encouraged to exploit opportunities for earning an income. The work expectation also assures clients that they have not been forgotten, supports their desire to contribute to their well-being and allows for their participation in an incentive-based allowance system discussed later.

Social Planning and Social Assistance

The reasons why employable individuals are not job-ready should be of primary interest to governments and agencies that wish to reduce long-term dependency. This information would become a data base to be used to shape the social service network at the local level by identifying social and/or employment support services gaps. Data from case-workers should indicate which services are needed most urgently to qualify people as job-ready. Additionally, the separation of caseloads into these two groups will indicate the relative need for employment creation programs to client-upgrading programs. For example, if there exists a large body of job-ready claimants who have no realistic chance of finding employment in the current economy of their area (perhaps a one industry town in a sunset industry), then resources are optimally targetted toward job creation. Encouraging individuals to become "job-ready" through training or offering employment support services when there is no realistic opportunity to become employed is a waste of resources and is insensitive. It must be stressed that the separation of clients into job-ready and not job-ready will aid social service planning, not form the basis for differences in allowances and benefits. The new social assistance system must get beyond the current system's fixation with income redistribution and become a source of opportunity, for individual growth, economic advancement and self-sufficiency. Provincial and municipal governments in partnership, can plan for job-readiness, remove economic barriers to employment and design a social service infrastructure which enables full participation of individuals in communities. The social assistance system must operate within the larger social service infrastructure, **not** as a separate cheque issuing and verification agency. The vital importance of interaction between the social assistance system and all the other social services is the basis for continued municipal involvement with income maintenance and delivery. AMO believes that job-readiness evaluation will be highly useful in assessing current and future social service requirements.

Recommendation 3:3

That the "job-ready" and "not job-ready" classifications be used by provincial and municipal governments as a planning guideline for the provision of employment-supporting social services, skills training and job creation programs.

Social Assistance and Employment

The Implications of Being Job-Ready

The Association does not support the extension of social assistance to individuals who decline suitable work. Recognizing that not all job-ready individuals will be suitable for all available work, the Association believes that creating a body of job-ready claimants will streamline the evaluation of clients' suitability for available work. This should enhance local administrators' ability to control system abuse and public perception of the support system may be modernized if it can be demonstrated that job-ready claimants are motivated to accept employment.

Recommendation 3:4

That the job-ready client group be evaluated against available work for appropriate placement and that individuals who decline suitable work be reviewed for partial or total disentitlement. Note: In some instances (i.e. single parents), it may be suitable for a job-ready client to decline employment.

Serving the Job-Ready Caseload

For those individuals who are job-ready and willing to work, there exist two principal barriers to employment: a lack of job opportunities, and a series of economic disincentives associated with leaving social assistance for work. The relationship between the unemployment rate and the welfare rolls is clear; as unemployment increases, so does the number of welfare cases. Municipalities across the province responded to the economic downturn of the late 1970's with local economic development plans in an effort to diversify local economies, create jobs and help their communities prosper. However, municipalities do not have the capacity nor jurisdiction to influence the economic health of Ontario.

Expand Job Creation Efforts

The current job creation efforts of both federal and provincial government do not appear to be successful in breaking the economic cycles for those who live their lives in the margin between dependence and self-sufficiency. Instead, these programs reflect an insensitivity to claimants who "just want to work", by targetting job creation projects to high profile groups of the unemployed to the exclusion of the general caseload. Frequently, these jobs are short-term and do little to change the claimant's perception of the government as the sole provider of economic survival. Moreover, the present work search expectation placed on general welfare recipients undermines the credibility of the social assistance system in the eyes of the claimant who knows through experience that there are no jobs available. A central question of long-term economic well-being for social assistance recipients is: where are jobs going to come from and which government or agency is to assume the responsibility for creating employment?

The Association recognizes that the federal government has a vital role in developing the economic health of the country; however, because Ontario is relatively "well-off" compared to many other provinces, major employment initatives from the federal level may not be a realistic expectation for Ontario's social assistance recipients. Additionally, it is clear that Canada Employment and Immigration is unable to fulfill its mandate to the unemployed. The Report of the Commission of Inquiry into Unemployment Insurance (the Forget Commission) does not appear to be on the verge of a solution to Employment and Immigration's difficulties. Therefore, in part by default, the provincial government must accept responsibility for the economic well-being of the province and the work aspirations of social assistance recipients.

As a partner with the federal government under the Canada Assistance Plan, and with municipalities through the social assistance system, the Ontario government has a financial interest in reducing the social assistance caseload through long-term job creation. AMO understands the vital role of employment to the health of our communities and offers the provincial government its full co-operation in developing a comprehensive provincial/municipal job creation strategy linked to the new social assistance system.

Recommendation 3:5

> **That the Ontario government accept a major role in creating an economic environment which is responsive to the work aspirations of social assistance recipients.**

Recommendation 3:6

That the Ontario government recognize the primacy of long-term job creation as a strategy for the long-term reduction of the social assistance caseload and work with the municipal sector in establishing job development plans throughout Ontario.

Economic Incentives to Work

Municipalities, particularily those where agriculture is a major industry, regularly confront the situation of employable individuals on assistance, while there are unfilled jobs such as planting and harvesting. Previously, the Association suggested that the minimum wage and the social assistance benefits rate have a relationship to one another such that an individual's financial situation would improve by accepting full-time employment. Those individuals who refuse appropriate work could become disentitled to social assistance. However, the situation is complicated by a number of other economic disincentives to employment such as:

- reduced family income faced by assistance recipients upon returning to work;
- a possible loss of health benefits such as OHIP and dental health plans and vision care;
- an excessive marginal tax rate on earned income;
- uncertainty about the stability of earned income and a concern about loss of regular income at the expiration of the work activity - a problem that is magnified in agricultural and other seasonal industries; and
- the cost of employment such as transportation, childcare and clothing costs.

Work has intrinsic value and can give people a sense of contribution, a positive sense of self, and equip them with the experience to make themselves economically independent in the long run. **What the social assistance system must do for the benefit recipient is make employment economically attractive in the short run.**

AMO believes this can be accomplished through a supportive system that provides a strong economic incentive to work. The idea of using negative incentives, that is reducing the rate of assistance to drive people to the labour market, is not supported by the Association. This course

of action would be a severe economic penalty for those individuals who could not find employment; as well, it is premised on the notion that claimants choose not to work, an idea long since proven false. A second possible approach rejected by the Association is the practice of wage subsidies to employers who hire recipients. With the exception of a minimum wage, market forces should set wages, not government; wage subsidy constitutes a significant intrusion into the market and must be reviewed carefully. The Association is also concerned that programs such as these could be considered a breach of the assistance recipients' right to confidentiality, and thus be subject to legal action.

AMO is convinced that the most effective mechanism for work incentives is the social assistance allowance schedule itself. The package of economic disincentives cited above can be addressed in a comprehensive way by extending the duration of claimants' association with the social assistance system while they begin to work. This extension can be affected by altering the rate at which families or individuals lose their social assistance while earning income.

Currently, an individual on welfare with an eligibility of $400 can earn $150 more than the welfare entitlement before losing all benefits based on 125% earning above eligibility, plus $50. From an individuals perspective, the system expects them to pay for employment costs such as transportation, materials and clothing from the first $50 dollars and then work for 25 cents on the dollar earned. This translates into a 73% marginal tax rate or 100% after the first $150 in a month. A similarly high rate applies to families receiving welfare.

By raising the earning level for which an individual remains entitled to receive some social assistance benefits, the Association is confident that individuals will be motivated to accept seasonal employment, work for employers who face uncertain futures or be inclined to establish even tentative employment relations. Therefore, AMO proposes that the social assistance system reduce benefits to individuals at a rate that approximates that of the combined federal and provincial income tax rates on the total value of earned and benefit income. Additionally, a benefit cut-off point or a 100% allowance reduction should be established by the province.

Social Assistance: Models for Employment Incentives

Model A (Based on Income Tax Rates, Fall 1986)

Mthly Wage ($)	Net Combined Inc. Tax (%)	Wage ($)	Assistance Benefit ($)	Net Combined Inc. Tax (%)	Assistance Benefit ($)	Less (%)	Income Net ($)
1000	(12)						880
Benefit Formula		1000	+ (600	- 18)----------	600	18	492
Potential Income							**1372**

Secondary Benefit Reduction

Reduce financial benefits so that the net income does not exceed:

a. Family + Child Subsidy calculation = $1600

b. Single Employable = $1200

Actual benefit payment are $492 for family and $328 for a single employable.

** Results skewed because Family Assistance and Single Employable Assistance would have different Unadjusted Benefit Entitlement

Note: . Calculation and payments can be based on monthly estimates with adjustments made semi-annually.

. This model is for financial assistance payments only, as health benefits are not to continue as part of the income assistance program.

MODEL B (Based on Income Tax Rate, Fall 1986)

Mthly Wage ($)	Net Combined Inc. Tax (%)	Wage ($)	Assistance Benefit ($)	Net Combined Inc. Tax (%)	Assistance Benefit ($)	Less ($)	Net ($)
1000	(12)						880
Benefit Formula		(1000 + 600)	-	18	----------		
					600	288*	312
Potential Income							**1192**

* This represents the actual dollar value of the 18% tax rate on the Benefits and Wage sum of $1600.

Secondary Benefit Reduction

Reduce financial benefits so that the net income does not exceed:

a. Family + Child Subsidy calculation = $1600

b. Single Employable = $1200

Actual benefit payments are $312 for a family and $312 for a single employable.

** Results skewed because Family Assistance and Single Employable Assistance would have different Unadjusted Benefit Entitlements

Note: . Calculation and payments can be based on monthly estimates with adjustments made semi-annually.

. This model is for financial assistance payments only, as health benefits are not to continue as part of the income assistance program.

AMO points out that these formulas have advantages over a Guaranteed Annual Income (GAI) plan because the province retains control over eligibility criteria, income levels assured and, therefore, expenditures can be controlled. Until more is known about the feasibility of a national GAI plan, the Association supports a limited provincially-established allowance, feasible under the current Canada Assistance Plan, with no implications for either federal/provincial tax points or changes in Income Tax procedures.

Recommendation 3:7

That the province implement a social assistance system that provides individuals with positive economic incentives to work, while assuring a minimum standard of economic well-being, and that the above formulae be considered for that purpose.

Recommendation 3:8

That the province begin a joint investigation with the federal government on the feasibility of a Guaranteed Annual Income.

Serving the Not Job-Ready Caseload

Training and Up-Grading

A social assistance system, structured to provide financial rewards for claimants who seek and find employment, requires a package of programs for claimants who are not ready to work because of a shortage of employment or other skills. AMO recognizes that some of the "not job-ready" caseload will never be self-sufficient and may never have any earned income; therefore, comments in this section are directed toward those claimants who can reasonably be made job-ready through the action suggested herein.

The Association believes that a positive work experience for clients will lead to economic independence. However, if a long-term reduction of the social assistance caseload is to occur, plans must be made for upgrading the employment skills and life skills of the caseload. The Employment Support Initiative (ESI) is an example of the type of program that bridges the gap between work and social assistance. The ESI Program is directed toward sole-support parents and provides

financial remuneration in the re-employment and job-seeking stages in order to prepare the claimant for work or to conduct an effective job search. The program's intent is to provide financial assistance for expenses such as:

- the use of public transit;
- short-term child care to enable the client to attend pre-employment groups;
- after-school programs for older children whose parents are engaged in pre-employment activities;
- purchase of clothing and grooming items;
- services appropriate for job-search;
- clothing and equipment required for job acceptance;
- purchase of supplies; and
- minor fees associated with bonding certification and short-term training programs.

Ontario's municipalities, through AMO, have proposed a range of strategies to make it possible for assistance recipients to upgrade their skills or receive support for labour market entry. A principal thrust of these recommendations is that municipalities require flexibility in the funding of employment support programs designed or offered by municipal governments. AMO believes that participation of social assistance recipients in:

- group programs directed to the development of appropriate life skills and job skills,
- programs directed to the provision of various forms of technical or vocational training, and
- full-time education at secondary or elementary school (or similar activities),

should be financially provided for by a social assistance system as a means of encouraging claimants to pursue economic independence. Provincially designed programs, such as ESI and future training and support programs, should be made widely available rather than targetted to narrowly defined claimant groups.

The Association is also concerned that federally-sponsored employment programs should be made more accessible for claimants. Currently, training allowances for program participants are below welfare rates and with the implementation of an incentive-based social assistance system, even fewer welfare recipients will be inclined to seek the training that would provide for long-term employment. The discretionary authority

that municipalities possess to top-up benefits is an acknowledgement of inadequacy of training allowance and AMO would appreciate the province making this situation clear to the federal government.

Recommendation 3:9

That the social assistance system adopt an active role in the identification and placement of claimants for life skills and job skills training programs; and that the province recognize the need to adequately fund municipally-developed or administered programs designed to make individual claimants employable, and that these types of programs become a priority for the new social assistance system.

Recommendation 3:10

That, where possible, employment support programs be linked with employment development programs, identified in Recommendation 3:5, to limit the displacement of individuals from the workforce to public assistance.

Recommendation 3:11

That the province negotiate with the federal government, training allowance increases to a level of parity with social assistance rates to enable claimants to pursue skills training without suffering an economic penalty.

Support Services For Labour Market Participation

Another barrier to employment is the absence of support services which would enable a willing claimant to become employed. Currently, there is no clear understanding of the extent of services required in order to become economically self-sufficient. AMO hopes that the job-readiness evaluation proposed by the Association will prove to be a reliable source of information for future necessary related services. Building a social infrastructure - daycare, public transit, employment start-up grants, and appropriate housing for low income people - warrants the same extensive ongoing planning that building the economic infrastructure receives. The cost factor must be acknowledged; a social infrastructure that makes it possible for people who want to work to be able to work, is expensive. It is conceivable, particularly in the initial work period, that it will cost the public purse more to provide the support

services for someone to leave or reduce their dependency on social assistance than it would to maintain them on assistance.

While the full extent of social service shortages confronting the not job-ready caseload is unknown, the E.S.I. project (described briefly above) identified a major social assistance caseload - single parents needing pre-employment child care. It is clear to AMO that a single parent who is willing and able to work but has no suitable child care cannot be defined as job-ready. The need for quality child care already at extreme levels in many communities will be highlighted in the new social assistance system. The Association has indicated that the current FBA practice of not expecting single parents to work is unfair to those who desire self-sufficiency and, when coupled with an allowance system which extends strong economic incentives for employment, the demand for daycare will grow rapidly. Therefore, AMO is quite concerned that child care in particular receives high priority in social service plans for the assistance caseload and that the province expand the number of spaces available.

Recommendation 3:12

That child care services be given a high priority in social service planning for the social assistance caseload and that the provincial government significantly expand affordable child care services across the province.

Childcare, transportation services, or other community services that make it possible for social assistance recipients to work are income support costs in a different form and should be recognized as such. Therefore, at least to the extent to which such services are provided to the social assistance caseload, they should be cost-shared at the same rate as other provincial/municipal social assistance expenditures. AMO recognizes that many individuals who enjoy municipally-delivered social services would find it impossible to continue working if the services were removed; however, the Association's comments on all social program funding will be reserved for a different set of discussions with the province.

Recommendation 3:13

That the "job-ready" considerations incorporated in the social assistance system (Recommendation 3:2) be used by

municipal and provincial authorities to plan employment-supporting social services.

Recommendation 3:14

That whenever a municipally-provided community service is required as an employment support program to enable an individual to leave or reduce dependency on social assistance, the cost of the program be funded 100% by the province.

Recommendation 3:15

That the province secure, under the welfare services section of the Canada Assistance Plan, federal/provincial cost-sharing for all employment-supporting social services offered to the social assistance caseload at the municipal level; and

That the 50% federal contribution be matched with provincial funds to establish 100% financial support, as per Recommendation 3:14.

Permanently Unemployable, Income Maintenance and Health Services

A division between those individuals who could reasonably be capable of contributing a share to their economic well-being and those who could not, was established at the beginning of this chapter. To this point, AMO has addressed a course of action for assisting capable individuals to become economic contributors. The remaining caseload, the hard-to-serve claimants, should be removed from the social assistance caseload onto a provincially-administered pension plan. AMO believes this caseload, which is composed of those with mental illness, much of the recently deinstitutionalized population and those with multiple handicaps, would be wrongly placed on a social assistance system which is geared toward meeting income and employment deficiencies. Moreover, much of the permanently unemployable require more extensive health care and social services such as supportive housing, health aids, home nurses, etc., more appropriately delivered by the province. The Association acknowledges certain difficulties inherent in establishing which clients belong with which system, but is confident that co-operation will lead to a clear distinction between those who require a permanent pension and those who need income maintenance and employment

services. Moreover, because health-related services and benefits essential to a healthy life are to be removed from the social assistance system and because all funding for social assistance and pension incomes are provincial responsibilities, client placement will not be clouded by financial considerations.

Recommendation 3:16

That the provincial government, in consultation with AMO, establish a definition of clients who, through a combination of social and health disabilities, are rendered permanently unemployable and are therefore eligible for a provincial pension; and that the province be responsible for all financial, health and social service requirements of these claimants.

CHAPTER 4
THE MUNICIPAL ROLE IN DELIVERING SOCIAL ASSISTANCE

Through the course of this paper, AMO has attempted to reflect the municipal sector's aspirations for an equitable social assistance system geared to meeting the income and employment needs of its clients. As a means of fostering efficiency in the administration of social assistance and equity, the Association recommends rationalizing social assistance legislation into a single Act. The roles and responsibilities of municipal government require re-definition and clarification to become compatible with the revised social assistance system detailed throughout this paper. To AMO, the objective of simplification is as important to the delivery of the system as it is to considerations of eligibility and allowance levels discussed previously.

The Single System

A single Social Assistance Act (as per Recommendation 2:1), and the establishment of a single benefit system (as per Recommendation 2:6), should lead to the replacement of the present two-tier delivery system with a single delivery system. The single delivery system would replace the provincial delivery system, which provides services to clients under the Family Benefits Act, and the municipal system, under the General Welfare Assistance Act. Consolidation of these delivery systems requires one body of caseworkers to deliver services to the whole of the social assistance caseload, as opposed to the practice of maintaining a battery of workers at provincial and municipal levels. From the client's perspective, it is preferred that one caseworker be responsible for the entirety of the claim rather than moving between systems and caseworkers depending on eligibility. The recent efforts to integrate the single-parent FBA caseload into the municipal delivery system serving the GWA caseload was, in part, premised on the notion of rationalized administration leading to cost savings. Although this has intuitive appeal, any cost-saving for integrated municipalities to date reflects the short-term success of the **Employment Support Initiative Program** and faster transfers of clients from GWA to FBA. AMO acknowledges that some saving to the social assistance system may arise with one delivery system replacing two. However, the principal reasons for AMO supporting a single delivery system are to meet the objective of simplification and improvement of services to clients.

Recommendation 4:1

That there be a single income maintenance delivery system for Ontario, integrating the present FBA and GWA caseloads with the exception of individuals placed on the Ontario Pension Plan described in Recommendation 3:16.

The Social Assistance Caseload

The client group eligible for social assistance will now include all adults who have exhausted reasonable opportunities for adequate support from other sources. Excluded from the assistance caseload are those who may presently be receiving FBA but who, through a combination of social and health disabilities, become eligible for the Ontario Pension Plan, and Native Canadians whose Band Council provides social assistance.

Included in the integrated and expanded social assistance caseload are:

- all single persons over the age of 18 but not eligible for other pensions sufficient to meet minimum standards;
- all single parents and dependants under the age of 18;
- single persons over the age of 16 who have established independence from the parental home (subject to local discretion);
- all two-parent families and dependants under the age of 18;
- spousal units in which one partner has attained the age of 18.

For all of these groups, the matter of temporary disability or employability does not affect the allowance. Any of these groups may maintain eligibility for some level of assistance until they secure economic self-sufficiency, meaning the working poor are accepted for social assistance in greater numbers.

Municipally-Delivered Social Assistance?

AMO believes that the best interests of the social assistance system and its clients can be met if the whole system is municipally-delivered, rather than provincially-delivered. Therefore, except those persons transferred to the newly established **Ontario Pension Plan**, as in Recommendation 3:16, the current FBA caseload should be administered by municipalities. The social assistance system envisaged by AMO is more

than a stream-lined efficient cheque-issuing agency. It is accessible, responsive to claimants' needs, and geared toward client self-sufficiency. Municipal administrations are best able to fulfill these requirements.

Client Access to Assistance

There will always be a need for emergency relief and municipalities have a presence in more communities than a provincially-delivered social assistance system would likely ever have. This presence improves accessibility. Turning emergency relief over to provincial authorities would constitute a significant erosion in service quality. Establishing a provincial delivery system for all but emergency clients would require two distinct delivery systems, and the associated difficulties with case transfers would affect the most at risk client group, as well as run counter to the objective of efficiency and simplification. A client should only be required to apply for assistance once from a single efficient system. Since municipalities are best-suited to deliver first time emergency relief, it seems reasonable that municipalities should continue to deliver assistance for the duration of the claim.

Social Assistance as a Community Service

AMO believes that the social assistance system should be delivered by the municipal government because social assistance is a community service. Ontario's municipalities have a tradition of caring for community members. Times have changed to the point where local municipalities cannot afford to support community members in need, but the unique ability and desire to respond is not gone. Municipal administrations, politicians, and administrators are more aware of the social and economic dynamics of their jurisdiction than could be fairly expected of a provincial administrators in regional offices. Community awareness and associated concern leads to a responsive and personalized social assistance delivery system. Municipalities' desire to serve the best interest of all community members has undoubtedly lead to innovation and program improvements. Opportunities to carry on the practice of innovation would be lost in centralized provincial planning.

Social Assistance and Social Services

The Association briefly described its view of a system that is geared to meeting the needs of claimants. As part of this, AMO discussed a

range of support services, either to be delivered by municipalities, as in daycare, or requiring municipal participation principally through identification and placement, as in the instance of employment training. The objectives of efficiency and effectiveness make it inconceivable that social assistance and the support services most required by clients should be facilitated by different agencies, let alone split between provincial and municipal governments. In short, AMO envisages a community service system with a single access point, the municipal caseworker, for all income needs and community services required by the client. The Association places great confidence in the ability of its membership to plan and implement a social service infrastructure that reflects the needs and goals of the whole community, including the social assistance caseload. Moreover, provincial delivery of social assistance could lead to an ineffective matching of social services to local needs or the imposition of provincial social service priorities in communities which might otherwise respond to people in need through innovative social service delivery and income maintenance planning.

Recommendation 4:2

That, in order to have an accessible, responsive social assistance system that reflects the linkage between community services and income maintenance, municipalities be the social assistance system's delivery agent.

Recommendation 4:3

That the social assistance caseworker be an agent for community services available to social assistance clients and provide appropriate reference or liaison with these services as required by the client.

Which Municipal Government?

With limited exceptions, social services are currently delivered by upper-tier municipalities or separated cities. AMO believes there are inescapable economies of scale and service quality considerations associated with city and upper-tier social assistance delivery. With the assumption of the FBA caseload by the municipal sector, it is no longer appropriate that smaller townships, towns, etc., continue to provide income maintenance and associated services and, therefore, consolidated service units should be implemented.

Recommendation 4:4

That upper-tier municipalities or separated cities deliver social assistance, and that the province provide assistance as required to facilitate consolidated upper-tier service units; and

That the province consult with the Districts of Northern Ontario (through the Federation of Northern Ontario Municipalities and the Northwestern Ontario Municipal Association) regarding a delivery model appropriate for the special circumstances of Northern Ontario.

CHAPTER 5
FULL PROVINCIAL FUNDING FOR SOCIAL ASSISTANCE

The previous chapter contained a number of reasons why municipalities are the most appropriate government to deliver social assistance, and the first three chapters in this section discussed the advantages and potential characteristics of a single, integrated social assistance system. This chapter supports the municipal sectors intention to withdraw from income maintenance funding at this stage in the system's development. AMO contends that the property tax base is an inappropriate source of funds for provincial income redistribution plans. The Association will continue to work with the province on the development of a municipally-delivered social assistance program as described throughout this paper; however, the cost of the program requires the financial resources of the province. The Association's commitment to end municipal financial involvement in social assistance reflects the inappropriateness and inability of the local tax base to support the provincial program any further, but AMO's position must also be understood in the context of:

- the national pattern of full provincial funding for all social assistance costs;

- municipal administration of a provincially-controlled and regulated program; and

- the significant administrative simplification associated with 100% provincial support.

The National Pattern

Although the Constitution Act extends authority to each province for the design, delivery and administration of their respective social assistance programs, there is a clear national pattern in social assistance system design. All provinces, except Nova Scotia, Ontario and Manitoba, deliver fully-integrated and fully-funded income support systems. A fully-integrated system is one in which long-term and

short-term assistance are delivered by a single government; a fully-funded system is 50% provincially funded matched by national transfer payments under the Canada Assistance Plan. Nova Scotia and Manitoba operate a two-tier system similar to Ontario's current practice with short-term recipients (i.e., 90 days in Manitoba) operated by municipalities under a cost-sharing agreement and long-term recipients are mailed cheques from a centralized provincial operation. In Nova Scotia and Manitoba, municipal involvement is highly concentrated in the cities of Halifax and Winnipeg respectfully, with fewer than 20,000 recipients in total.

AMO urges Ontario to follow the national pattern, as the Association recognizes the value of a fully-integrated system, as recommended in this paper. AMO believes the province's movement towards partial integration in recent years reflects a provincial acceptance of the intrinsic merit of one assistance system. Municipal governments are aware that our relatively advanced two-tier municipal system makes it both possible and appropriate for municipalities to **deliver** social assistance with full provincial funding, consistent with the national pattern.

The relationship between control and cost-sharing is unclear. The municipal financial contribution has had a negligible effect on the financial control of the system, so the absence of municipal dollars should not unduly affect financial considerations. Moreover, AMO believes that the provincial government is capable of maintaining a positive working partnership in the absence of municipal funding, and that removing these arrangements from the center of social assistance discussions may enhance provincial/municipal efforts in other aspects of social assistance. Hospitals, many Board of Health programs (among many others), are fully funded and locally administered; social assistance can also operate well under these conditions.

The Effectiveness of Municipal Contributions to Income Maintenance

For more than a decade, AMO has tried to impress upon the provincial government the need to adequately support income assistance costs borne by municipalities. The Association points out that municipal costs in this area have consistently increased and arbitrary provincial initiatives ranging from setting expenditure ceilings to benefits enrichments, like the most recent winter clothing allotment, have served to aggravate municipal budgeting. In addition to numerous resolutions, the Report of the Provincial Grants Reform Committee, Volume 1, 1976,

AMO Report: The General Welfare Assistance Act - Administration Costs, 1980, and two reports concerning FBA/GWA Integration (The Report of the Funding Arrangements Committee, 1985 and Funding Income Maintenance in Ontario - Administration Costs, 1986) speak in detail of the desire of Ontario's municipalities to have their limited capacity to contribute to social assistance acknowledged. Municipalities are now convinced that the current municipal financial contributions to income maintenance do not secure an audible voice for local government in provincial decisions concerning social assistance funding arrangements. The municipal share, although significant in terms of municipal budgets, is in reality a local subsidy to provincially-controlled expenditures.

In stating the above, AMO is not casting doubt on provincial/municipal planning for social assistance programming. The Ontario government has the ability to establish positive working partnerships in the absence of a cost-shared formula, and the Association is confident this will be the case for social assistance.

Simplified Funding

It is an understatement that full provincial funding for social assistance is simplified funding. Both AMO and the province acknowledge that the current funding practices are confusing. The municipally-administered General Welfare Assistance Act has four identifiable cost components which expand as local service features alter actual percentages. The Family Benefits Act indicates a single 100% provincial contribution; however, Supplementary Aid (provided exclusively to FBA recipients but under the legislative authority of the General Welfare Assistance Act) introduces two further cost-sharing factors (see charts 1 and 2). If these Acts are consolidated, the new system must not suffer from similarily confused cost-sharing practices. The province must recognize the progression of our social assistance system and accept the obvious need to simplify the process by establishing full provincial funding, as outlined on the Fully-Funded/Fully Integrated Social Assistance System Model.

Recommendation 5:1

> **That the government of Ontario accept full responsibility for all costs related to the administration and delivery of the province's social assistance system.**

Recommendation 5:2

That the "Fully-Funded/Fully-Integrated Social Assistance Model" (Chart 3) replace the current cost-sharing practices outlined on Charts 1 and 2.

Recommendation 5:3

That the province agree to a joint committee with AMO to develop an appropriate approach to the implementation of the new social assistance system and the transition to full provincial funding in advance of any acceptance by municipalities of the existing provincial caseload.

CHART 1
Current Cost-Sharing Practices - Non-Integrated Municipalities

GENERAL WELFARE ASSISTANCE
(municipally-delivered)

ITEM	PROVINCIAL* SHARE (%)	MUNICIPAL SHARE (%)
Allowance		
Eligible Resident Recipients (single employable, single unemployable, head of household, two adult persons, dependants)	80	20
Shelter and Fuel Subsidies (considered part of the allowance)	80	20
Eligible Non-Residents Recipients (clients who, for any part of the past 12 months, have not resided in Ontario)	100	0
Special Assistance - Discretionary (prosthetics, skills and employment training, health needs)	50	50
Administration		
Shareable Costs (salaries and some operating costs)	50	50
Non-Shareable (office equipment, rental or capital accommodation costs, interest charges general governments costs)	0	100
Special Assistance	50	50
Non-Residents	100	0

* Cost-shared expenditures are supported 50% by the federal government, through the Canada Assistance Plan. Therefore, 80% provincial contribution is actually 50% federal and 30% provincial; 50% provincial contribution to 50% municipal contribution is, in reality, 50% federal, 50% municipal and no provincial contribution. 100% municipal contribution is, however, 100% municipal tax dollars.

CHART 2
Current Cost-Sharing Practices - Non-Integrated Municipalities

FAMILY BENEFITS ALLOWANCE

ITEM	PROVINCIAL* SHARE (%)	MUNICIPAL SHARE (%)
Allowance (Provincially-Delivered)		
Eligible Claimant (single parent, dependants, medically unemployable, women over 60 years of age, long-term cases)	100	0
Supplementary Aid - Discretionary (same as special assistance + municipally-delivered to provincial F.B.A. caseload)	80	20
Administration of Supplementary Aid	50	50

* Cost-shared expenditures are supported 50% by the federal government, through the Canada Assistance Plan. Therefore, 80% provincial contribution is actually 50% federal and 30% provincial; 50% provincial contribution to 50% municipal contribution is, in reality, 50% federal, 50% municipal and no provincial contribution. 100% municipal contribution is, however, 100% municipal tax dollars.

CHART 3
Fully-Funded/Fully-Integrated Social Assistance System Model

ITEM	PROVINCIAL SHARE (%)	MUNICIPAL SHARE (%)
Allowance		
All persons including the working poor and "Non-Residents" are eligible for an allowance which assures basic minimum standard of living (allowances recommended by AMO are significantly higher than present rates	100	0
Provincial Pensioners * (all services included)	100	0
Supplements		
Allowance increases, compensating for an exceptionally high cost (i.e., shelter, food or fuel)	100	0
Special Benefits (funeral and burial, special diet)	100	0
Discretionary Special Benefits (vocational training, work-related travel, daycare) Note: mandatory and discretionary special benefits are to be negotiated between AMO and the province	100	0
Health Care Benefits (nursing home charges, prescription drugs, costs associated with pregnancy, preventitive and basic dental care, prosthetic devices including eyeglasses)	100	0
Administration		
Allowance Administration (including all current non-shareables)	100	0
Supplements (allowance adjustments, special benefits including job development officers, social assistance share of social service administration budget for daycare and counselling services)	100	0
Health Care	100	0

* All permanently unemployable individuals should be removed from the social assistance system and placed on a provincial pension which conforms to the principle of equity and adequacy. Pensions and support services' costs rest entirely with the province.

CHAPTER 6: RELATED PROGRAMS

The income maintenance system proposed by AMO is focused on meeting the income and social service needs of clients. However, there are other issues which are not part of the system itself but bear significantly on the clients and those responsible for the system. AMO, in Chapter three of the report, underscored the importance of job creation and the provisions of community services to enable people to accept employment and achieve economic self-sufficiency. Linked to this issue is the future role of Employment and Immigration Canada and the workings of the unemployment support system. An additional factor of personal economic self-sufficiency for the social assistance recipient is planned economic development at both provincial and federal levels. These two factors must be considered in developing a new system.

Another aspect of an effective social infrastructure is housing policy, a field in which AMO has been actively promoting affordable social housing. Chapter one of this paper proposed an allowance structure which abandoned the current shelter subsidy component in exchange for adequate allowances. This position pre-supposes a supply of adequate and affordable housing which, plainly, does not exist.

Employment, Unemployment and Social Assistance

The future of Canada's Unemployment Insurance plan has recently assumed a prominent position on the national political agenda with the release of the Forget's Commission Report and a major dissenting opinion. As well, many organizations have recommended investigating a Guaranteed Annual Income as a response to persistent structural unemployment.

The observation by the Forget Commission and others, that unemployment insurance is used widely as an income support plan in economically weak regions across the country, clearly links U.I. reform with the Guaranteed Income issue. The Association's interest in these issues stems from the role of social assistance as the final resort for U.I.

exhausties. AMO is confident of the municipal sector's ability to make a meaningful contribution to reforming income and employment programs and believes positive change can occur through tri-level consultation.

Unemployment Insurance and Social Assistance

Social assistance is often the final form of public assistance for individuals who exhaust Unemployment Insurance Benefits. In that U.I.C. and social assistance programs are divided among various levels of government, there is strong motivation to alter one program so as to shift responsibilities to the other program. The Association supports the existing benefit entitlement periods allowed through the unemployment insurance plan under stable economic conditions and supports extending the maximum period for collecting benefits during downward economic turns. Further, no changes to the unemployment insurance scheme should be initiated until full tri-level consultation is completed.

Recommendation 6:1

That no reduction to the U.I.C. benefit entitlement periods be initiated by the federal government, nor agreed to by the Ontario government, until the issue of a nation-wide income support plan has undergone tri-level consultation.

Unemployment and Social Services

The municipal sector is committed to helping people become economically self-sufficient by extending support services to make it possible for people to accept employment. AMO believes that a social service infrastructure would be a major contribution to employment for our community members. Recommendation 3:9 pre-supposes that the federal government is prepared to re-examine and improve its contribution to labour market upgrading. AMO's new social assistance system would adopt an active role in the identification and placement of claimants in upgrading programs. The federal government must be prepared to expand these types of programs for job training as well as consult extensively at the local level to determine the skill requirements of the local economy. Currently, there appears to be a mismatching of training programs to skill requirements and a shortage of training placements.

AMO has frequently urged the Ontario government to secure from the federal government, a commitment to providing training allowance equal to the rate of social assistance. The Association's recommendations to make social assistance allowances adequate cause employment training allowances to be even less attractive to the social assistance caseload. This heightens the need for training allowance enrichment. Independent of the level of allowances, AMO is concerned that the social assistance caseload may be discouraged from turning to the retraining programs offered by the federal level either because they perceive the U.I.C. to have already failed them in the case of exhausties, or because in some areas there are no effective links between the income support and employment services. Co-operative planning on behalf of the social assistance recipients between federal employment services and the social assistance delivery authority is required.

Recommendation 6:2

That the Ontario government impress upon the Canadian government the importance of reforming nation training programs, and specifically to:

- **expand the number of individuals retrained each year;**
- **upgrade the training allowance to a level of parity with social assistance payments; and**
- **improve the employment relevance of the upgrading programs by entering into co-operative planning with the social assistance delivery authorities.**

Affordable Housing Supply

Inherent in AMO's recommendations concerning the adequacy of allowances to meet basic needs, including shelter, is the notion that people lack the resources to secure adequate shelter. This premise sets aside the real absence of affordable shelter which requires attention independent of an income support system. The housing shortage in many Ontario communities demands active government involvement in social housing. In 1984, AMO issued a Social Housing Overview, containing a series of recommendations to improve the provisions of social housing in Ontario. Many of the recommendations of this overview warrant repeating in the context of social assistance reform.

Recommendation 6:3

That the following principles and practices for social housing programs be accepted:

- **a process of consultation between all levels of government to seek ways to increase the effectiveness of current housing programs;**

- **government assistance for housing should be directed on a priority basis toward programs with the greatest potential to achieve long-term affordable rental housing;**

- **social housing programs should be targetted to households not able to obtain affordable or appropriate rental accommodation on the private market;**

- **social housing programs should be capable of serving a diversity of tenants in need;**

- **social housing programs should continue not to require municipal financial assistance; and**

- **the federal and provincial governments should provide long-term assurances for funding of social housing to enable municipalities to plan accordingly.**

CONCLUSION

AMO recognizes that the Social Assistance Review is one phase of a long-term process of reforming the income maintenance system. Co-operation is essential to successful change, and the Association commends the Review Committee for its active and open relationship with AMO. This submission is the municipal sector's view of what the future social assistance system should do, and how these responsbilities should be approached. What is absent from the paper are references to implementation. Discussion of these matters will be essential as the provincial government moves forward with reform. The Association commits itself to working with the Government of Ontario to achieve tangible and lasting improvements to the social assistance system.

SUMMARY OF RECOMMENDATIONS

PART IV: THE FUTURE SOCIAL ASSISTANCE SYSTEM

CHAPTER 1: ADEQUACY OF ALLOWANCES IN THE SOCIAL ASSISTANCE SYSTEM

1:1 That if the Social Assistance Review Committee cannot recommend a single needs-based social assistance system for Ontario, the following changes to the present system be implemented:

In the area of increased assistance to existing clients, AMO supports:

- allowances to employed and unemployed needy being sufficient to meet basic needs;
- the review of maximum roomers and boarders rate under the General Welfare Assistance Act;
- one hundred percent provincially-provided nursing or homemaker services being made available to individuals in receipt of public assistance or supplementary benefits;
- an increase to shelter allowance;
- an increase to the single employable benefit rate under the General Welfare Assistance Act.

In terms of increased eligibility for existing benefits, AMO supports:

- the one hundred percent provincial funding for prosthetic devices and assistive devices for both children and adults;
- making dental, hearing-aid and vision care services available to seniors on social assistance as a part of their hospital and drug plan.

In an effort to increase benefits or services based on income calculations, AMO supports:

. U.I.C. training allowances being treated similarly to the income of a wage earner in order to reduce net income calculations, and thereby increase the client's daycare subsidy;

. the exemption of mortgage payments by an estranged spouse from the calculation of income, and discounting of fifty percent of the equity of a mortgage contribution for a matrimonial home in the case of separation. This would bring the social assistance system in concert with the Family Law Reform Act.

The New Allowance System

1:2 That the Province adopt an allowance structure which has the following characteristics:

- it is formulated based on actual costs of meeting the four basic needs identified in Recommendation 1:3;

- it is flexible enough to supplement costs which exceed provisions in the basic allowance on a client by client basis;

- it is geared towards equity in assistance across the province and thereby reflects regional differences in the costs of basic living requirements.

Formulating the Basic Allowance

1:3 That allowance levels be determined through a "basket of goods" approach to needs and be adequate to meet the basic shelter (including utilities), food, medical care and personal requirements of assistance recipients; and that the method and results of the province's allowance-setting practice be open to public scrutiny.

Allowance Guidelines and Flexibility

1:4 That the province establish allowance guidelines which contain:

- the forecast average expenditures in each category of need;
- the level of necessary expenditures in each category at which full supplementation is extended; and
- the upper level of client expenditures above which no supplementation is available.

The Need for Regional Allowance Structures

1:5 That the province establish area allowances and guidelines based on the principles enunciated in Recommendations 1:3 and 1:4, to provide an adequate standard of living and equity in assistance across Ontario.

Administrative Simplicity

1:6 That the above approach to establishing allowance be considered as a practice for simplifying the administration of social assistance while responding to the need for an adequate and flexible allowance system.

CHAPTER 2: EQUITY

2:1 That the General Welfare Assistance Act and the Family Benefits Act be replaced by a single piece of legislation and accompanying regulations.

2:2 That new social assistance legislation and regulations extend adequate support to all claimants, who have exhausted reasonable opportunities for support from all other sources, consistent with the principle of equity among claimants.

Age Based Inequities

2:3 That the benefits paid for child dependants be the same for all dependants under the age of 18. Allowances should continue to reflect some economies associated with two or more dependent children; and

That children between 16 and 18 years of age who have established independence from the parental home be granted the full adult allowance at the discretion of the delivering authority.

Discretionary Expenditures Creates Inequality Within Municipalities

2:4 That the Province of Ontario determine a means of meeting the health care needs of people in receipt of social assistance,

independent of the social assistance delivery system, and that prosthetics, preventative and basic dental care, vision care and other requirements to a healthy life be made available to all social assistance recipients, and that this benefit package be the responsibility of the provincial government.

2:5 That the remaining non-health benefits, such as rent deposits, transportation subsidies, emergency aid or skills upgrading courses, be funded 100% by the province.

Inequity Between GWA and FBA Rates

2:6 That the two-allowance system associated with the Family Benefits Act and the General Welfare Assistance Act be replaced with a single benefits system which extends equitable benefits to all clients with similar needs.

Equity in Benefits Throughout Ontario

2:7 That the province, in consultation with AMO, establish a list of mandatory and discretionary benefits from among Special Assistance or Supplementary Aid benefits not transferred to the health care system after the creation of a new social assistance system.

Equity between Social Assistance and "Pension" Incomes

2:8 That the social assistance system provide allowances and benefits to claimants that are equitable with other income support schemes available in Ontario, such as Senior Pension Plans.

2:9 That the allowance levels established for the range of recipient groupings in different regions, as per Recommendation 1:3, reflect a provincial commitment to equity among income supporting social programs.

Wage Supplements For Families

2:10 That the social assistance system regularly supplement the incomes of families whose earned and other income falls below provincially-established social assistance allowance levels.

2:11 That the social assistance system encourage family members dependent on the support system to seek employment by allowing a greater proportion of the earned income to be kept by the claimant than is the present practice. (See Recommendation 3:7.)

Perceptions of Equity and the Social Assistance Review Board

2:12 That the tenure and selection process for Social Assistance Review Board members be reviewed; that the Board's staff include a more diverse range of professional backgrounds and that efforts be increased to inform clients of the operations of the social assistance system, including the review process.

CHAPTER 3: EMPLOYMENT AND SELF-SUFFICIENCY

The Work Expectation

3:1 That these considerations be the basis for client job-ready determination:

Job-Ready Claimants

Caseworkers would recommend to welfare administrators that claimants be considered job-ready if they meet the following criteria:

- that claimants are capable of performing a task suitable for remuneration on a full or part-time basis; and

- that claimants have or could reasonably gain access to necessary social services or other services which would make employment feasible (i.e., daycare, transportation).

Not Job-Ready Claimants

Caseworkers would recommend to welfare administrators that claimants be considered not ready for employment based on the following considerations:

- that claimants lack sufficient life skills or job skills to be reasonably expected to perform a task suitable for remuneration;

- that claimants currently are ill or debilitated to a degree which precludes performing a task suitable for remuneration;

- that claimants do not have nor could reasonably gain access to the necessary social services or other services which would make employment feasible.

3:2 That all social assistance claimants be encouraged to work toward self-sufficiency through income-gaining activity.

Social Planning and Social Assistance

3:3 That the "job-ready" and "not job-ready" classifications be used by provincial and municipal governments as a planning guideline for the provision of employment-supporting social services, skills training and job creation programs.

Social Assistance and Employment

3:4 That the job-ready client group be evaluated against available work for appropriate placement and that individuals who decline suitable work be reviewed for partial or total disentitlement. Note: In some instances (i.e. single parents), it may be suitable for a job-ready client to decline employment.

Expand Job Creation Efforts

3:5 That the Ontario government accept a major role in creating an economic environment which is responsive to the work aspirations of social assistance recipients.

3:6 That the Ontario government recognize the primacy of long-term job creation as a strategy for the long-term reduction of the social assistance caseload and work with the municipal sector in establishing job development plans throughout Ontario.

Economic Incentives to Work

3:7 That the province implement a social assistance system that provides individuals with positive economic incentives to work, while

assuring a minimum standard of economic well-being, and that the above formulae be considered for that purpose.

3:8 That the province begin a joint investigation with the federal government on the feasibility of a Guaranteed Annual Income.

Serving the Not Job-Ready Caseload

3:9 That the social assistance system adopt an active role in the identification and placement of claimants for life skills and job skills training programs; and that the province recognize the need to adequately fund municipally-developed or administered programs designed to make individual claimants employable, and that these types of programs become a priority for the new social assistance system.

3:10 That, where possible, employment support programs be linked with employment development programs, identified in Recommendation 3:5, to limit the displacement of individuals from the workforce to public assistance.

3:11 That the province negotiate with the federal government, training allowance increases to a level of parity with social assistance rates to enable claimants to pursue skills training without suffering an economic penalty.

Support Services For Labour Market Participation

3:12 That child care services be given a high priority in social service planning for the social assistance caseload and that the provincial government significantly expand affordable child care services across the province.

3:13 That the "job-ready" considerations incorporated in the social assistance system (Recommendation 3:2) be used by municipal and provincial authorities to plan employment-supporting social services.

3:14 That whenever a municipally-provided community service is required as an employment support program to enable an individual to leave or reduce dependency on social assistance, the cost of the program be funded 100% by the province.

3:15 That the province secure, under the welfare services section of the Canada Assistance Plan, federal/provincial cost-sharing for all employment-supporting social services offered to the social assistance caseload at the municipal level; and

That the 50% federal contribution be matched with provincial funds to establish 100% financial support, as per Recommendation 3:14.

Permanently Unemployable, Income Maintenance and Health Services

3:16 That the provincial government, in consultation with AMO, establish a definition of clients who, through a combination of social and health disabilities, are rendered permanently unemployable and are therefore eligible for a provincial pension; and that the province be responsible for all financial, health and social service requirements of these claimants.

CHAPTER 4: THE MUNICIPAL ROLE IN DELIVERING SOCIAL ASSISTANCE

The Single System

4:1 That there be a single income maintenance delivery system for Ontario, integrating the present FBA and GWA caseloads with the exception of individuals placed on the Ontario Pension Plan described in Recommendation 3:16.

Social Assistance and Social Services

4:2 That, in order to have an accessible, responsive social assistance system that reflects the linkage between community services and income maintenance, municipalities may be the social assistance system's delivery agent.

4:3 That the social assistance caseworker be an agent for community services available to social assistance clients and provide appropriate reference or liaison with these services as required by the client.

Which Municipal Government?

4:4 That upper-tier municipalities or separated cities deliver social assistance, and that the province provide assistance as required to facilitate consolidated upper-tier service units; and

That the province consult with the Districts of Northern Ontario (through the Federation of Northern Ontario Municipalities and the Northwestern Ontario Municipal Association) regarding a delivery model appropriate for the special circumstances of Northern Ontario.

CHAPTER 5: FULL PROVINCIAL FUNDING FOR SOCIAL ASSISTANCE

5:1 That the government of Ontario accept full responsibility for all costs related to the administration and delivery of the province's social assistance system.

5:2 That the "Fully-Funded/Fully-Integrated Social Assistance Model" (Chart 3) replace the current cost-sharing practices outlined on Charts 1 and 2.

5:3 That the province agree to a joint committee with AMO to develop an appropriate approach to the implementation of the new social assistance system and the transition to full provincial funding in advance of any acceptance by municipalities of the existing provincial caseload.

CHAPTER 6: RELATED PROGRAMS

6:1 That no reduction to the U.I.C. benefit entitlement periods be initiated by the federal government, nor agreed to by the Ontario government, until the issue of a nation-wide income support plan has undergone tri-level consultation.

Unemployment and Social Services

6:2 That the Ontario government impress upon the Canadian government the importance of reforming nation training programs, and specifically to:

- expand the number of individuals retrained each year;

- upgrade the training allowance to a level of parity with social assistance payments; and

- improve the employment relevance of the upgrading programs by entering into co-operative planning with the social assistance delivery authorities.

Affordable Housing Supply

6:3 That the following principles and practices for social housing programs be accepted:

- a process of consultation between all levels of government to seek ways to increase the effectiveness of current housing programs;

- government assistance for housing should be directed on a priority basis toward programs with the greatest potential to achieve long-term affordable rental housing;

- social housing programs should be targetted to households not able to obtain affordable or appropriate rental accommodation on the private market;

- social housing programs should be capable of serving a diversity of tenants in need;

- social housing programs should continue not to require municipal financial assistance; and

- the federal and provincial governments should provide long-term assurances for funding of social housing to enable municipalities to plan accordingly.

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AMO Sub-Committee on Social Assistance

Janet Golding
Mayor, City of St. Thomas (Chairperson)
Liz Behrens
Alderman, City of Oakville
Garry Cubitt
Director of Social Services, Regional Municipality of Durham
Jim McLaughlin
Councillor, United Counties of Leeds & Grenville
John Milson
Alderman, City of Windsor
Jack Nolan
Director of Social Services, County of Grey
John Robertson
City Manager, City of Sarnia
Allan Roder
Reeve, Township of Warwick

Resource: **Colin Goodfellow**, Policy Analyst, AMO
Bev Allen, Director of Policy & Legislative Services, AMO

In addition to the work and guidance of the Sub-Committee on Social Assistance, AMO's report, The Future of Social Assistance in Ontario, has benefited from submissions from AMO membership. The Association would like to gratefully acknowledge those municipalities which have provided detailed comments:

Regional Municipality of Durham
Regional Municipality of Hamilton-Wentworth
Regional Municipality of Niagara
Regional Municipality of Ottawa-Carleton
Municipality of Metropolitan Toronto
County of Brant
County of Kent
County of Perth
United Counties of Stormont, Dundas and Glengarry
City of Sarnia
Town of Geraldton

This report also benefited from two submissions from the Algoma District Social and Family Services Board and a joint submission by the OMSSA Policy Sub-Committee on Employment Programs and the Association of Municipal Employment Services.

These written comments are augmented by two seminars on the Future of Social Assistance in Ontario, one of which was held in Sudbury on November 22, 1986, sponsored by Northern Social and Family Services Boards. The other was held in Toronto, December 4, 1986, sponsored by AMO.

COUNTY AND REGIONAL SECTION EXECUTIVE COMMITTEE: MINORITY REPORT

At its February 24, 1987 meeting, the County and Regional Section Executive Committee adopted the following position in regard to Part IV, Chapter 5: Funding for Social Assistance.

The County and Regional Section Executive Committee recommends:

- that municipalities continue cost-sharing social assistance at existing dollar level contributions;
- that present municipal dollar contributions be equated with a percentage of costs in any new social assistance system;
- that this new percentage be the single cost-sharing formula with the municipal share capped so as not to exceed this amount; and
- that if the province elects to fully fund social assistance, it should consider delivering the system as well.

Rationale:

The County and Regional Section Executive Committee suggests the link between funding and accountability should not be lost in the reform process. It is not conducive to efficiency nor accountability to have a municipally-administered program report to a council which does not have a financial stake in the program. Moreover, full funding invites provincial intervention in local concerns, a situation which would undermine municipal stewardship of the system.

The new cost-sharing should be at a single percentage, requiring no increase in the municipal contribution. Municipalities cannot absorb the cost of hiring provincial employees nor costs associated with pay equity legislation. All administrative costs, including those not currently cost-shared, must qualify for provincial support. Start-up costs, such as building and capital equipment, would qualify for 100% provincial support.

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